

## THE GOVERNMENT

Shelby County, Tennessee (the County) was established in 1819 and covers 783 square miles in southwest Tennessee. Of this, 300 square miles are within the city limits of Memphis.

Since the implementation of the Restructure Act on January 1, 1976, the County has operated under the Mayor-Commission form of government. The Mayor, as the County's chief executive officer, oversees the operations of the County's six divisions. The thirteen members of the Shelby County Board of Commissioners (the Commission), the legislative branch of the government, reviews and approves the County's programs and budgets. Together the administration and the Board of County Commissioners are responsible for governing approximately 900,000 citizens in the most populous of Tennessee's 95 counties.

In August 1984, the County's voters approved the Home Rule Charter which allows the Commission to pass ordinances locally rather than having to receive approval through the Tennessee State Legislature. The Home Rule Charter became effective September 1, 1986.

## CORE BELIEF AND VALUES

Acting on its core belief that Shelby County Government exists only to serve the public and provide a quality community, the Wharton administration will have a work environment that encourages the personal growth of its employees and a commitment to teamwork that produces innovative solutions, technical excellence, and continuous improvement. Mayor Wharton has established integrity, innovative service, accountability, excellence and respect as the values for Shelby County Government.

## PRIORITIES

The two charts below show the priorities of Shelby County Government as reflected by budgeted expenditures. The first chart reflects total countywide expenditures and the second chart depicts uses of property taxes.

### Countywide Expenditures

<u>Function</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$ 346,774,000	34.0%
Criminal Justice	254,314,502	24.9%
Debt Service	156,508,008	15.3%
Health	77,121,322	7.6%
Administrative	46,884,673	4.6%
Community Services	43,683,251	4.3%
Public Works	65,786,929	6.4%
Planning & Development	29,209,147	2.9%
Total	<u>\$1,020,281,832</u>	<u>100.0%</u>

### Uses of Current Property Taxes

<u>Function</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$ 306,232,000	49.8%
Criminal Justice	132,429,913	21.5%
Debt Service	123,580,000	20.1%
Health	25,122,197	4.1%
Administrative	23,764,701	3.9%
Community Services	1,147,299	0.2%
Public Works	<u>2,487,890</u>	<u>0.4%</u>
Total	<u>\$ 614,764,000</u>	<u>100.0%</u>



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## OVERVIEW

This document presents the Operating Plan and Adopted Budget for Fiscal Year 2006 reflecting the allocation of resources necessary to accomplish Countywide goals and objectives. It is a consolidated document including funding for all Elected Officials and Departments of County Government.



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## BUDGETARY CONTROLS

The revenues and expenditures accounted for in the various funds are legally adopted budgets and are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the operations of Shelby County. The Board of Commissioners approves the budget for these funds annually and budgetary control is maintained at the departmental level by line item. Expenditures may not exceed appropriations by line item at the departmental level. The County has established eighteen line items (Salaries, Other Compensation, Fringe Benefits, Supplies, Services, Professional and Contracted Services, Rent, Utilities and Maintenance, Intergovernmental Expenditures, Interdepartmental Charges/Expenditures, Asset Acquisitions, Debt Service, Special Funded Projects, Grants, Contingencies and Restrictions, Operating Transfers In, Operating Transfers Out, Other Financing Sources, and Planned Fund Balance Change) and maintains numerous accounts within each line item. Line items are categorized as Personnel (all compensation and fringe benefits) or operations and maintenance (all other line items). The County Mayor is authorized to transfer budget amounts between line items of the same category of the same division (group of departments). Any adjustments that create a new line item, increase the total budget or require transfers between divisions or categories must be approved by the Board of Commissioners.

## FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenses or expenditures. Resources are allocated to each fund and accounted for based on the purposes for which they are to be spent and the means of controlling the spending activities. The individual funds are grouped in the financial statements and the Budget into six generic fund types as follows:

### Governmental Funds

Governmental Funds are those through which most governmental functions are financed. A governmental fund's measurement focus is on the determination of financial position and changes in financial position. Three types of governmental funds are employed by the County.

#### General Fund

Transactions relating to resources obtained and used for delivery of those services traditionally provided by a county government, which are not accounted for in other funds, are accounted for in the General Fund. These services include, among other things, general government, health and public works and community services. The operations of all fee operating elected offices are accounted for as sub-funds of the General Fund.

#### Special Revenue Funds

Transactions relating to resources obtained and used for certain Federal and State programs and from other resources upon which legal restrictions are imposed are accounted for in the Special Revenue Funds. The following comprise the Special Revenue Funds:

The Board of Education Fund accounts for revenues collected by the County and allocated on an average daily attendance basis between the City of Memphis Board of Education and the Shelby County Board of Education.



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## Special Revenue Funds (Continued)

The Roads and Bridges Fund accounts for the receipt and expenditures of the County's share of the proceeds from the state gasoline tax and additional allocations from the State of Tennessee for road repairs and maintenance.

The Solid Waste Management Fund accounts for solid waste management activities.

The Hotel/Motel Tax Fund accounts for the tax collected on hotel and motel rooms in Shelby County.

The Sheriffs Narcotics Fund accounts for the proceeds of goods seized and forfeited under the provisions of T. C. A. Section 53-11-451.

The Register's Data Processing Fund accounts for certain fees restricted by State law for data processing expenditures of the Office of the County Register of Deeds.

The Car Rental Tax Fund accounts for the car rental tax restricted for payment to the Public Building Authority for the new arena.

The Air Emission Fund accounts for the proceeds of emission fees to be used in the Environmental Protection Agency (EPA) Title V program regulating all major and synthetic minor air emission sources in Shelby County.

The Grants Fund accounts for the receipts and expenditures of federal, state and other grants received by various County departments.

## Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs (except for bonds issued for Proprietary Funds, which are reported as liabilities of the respective Proprietary Fund).

## Proprietary Funds

Proprietary Funds are used to account for the organizations and activities of the County which are similar to those often found in private enterprises. The measurement focus is on determination of net income, financial position, and changes in financial position. Two types of Proprietary Funds are employed by the County.

### Enterprise Funds

Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds used by the County are as follows:

The Consolidated Codes Enforcement Fund accounts for operations of the Memphis and Shelby County Office of Construction Codes Enforcement. Revenues are generated through fees charged by the office.

The Corrections Center Fund accounts for the operations of the Corrections facilities. Revenues are received from the State of Tennessee based on actual costs incurred for housing state prisoners.

The Fire Services Fund accounts for the operations of the Fire Department. Revenues are received from fees charged for fire services.



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### Proprietary Funds (Continued)

#### Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the County on a cost reimbursement basis.

The Central Services Fund is used to account for the accumulation and allocation of costs of duplicating, mail, and printing services, telecommunications and Health Department central supply and copy services.

### TAX RATE DISTRIBUTION (a)

The approved tax rate for FY 2004, FY 2005 and FY 2006 and the corresponding allocation is as follows:

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
General Fund	\$ 1.43	\$ 1.31	\$ 1.22
Education	2.03	2.03	2.02
Rural School Bonds	.05	.05	.05
Debt Service Fund	<u>.58</u>	<u>.70</u>	<u>.80</u>
Total	<u>\$ 4.09</u>	<u>\$ 4.09</u>	<u>\$ 4.09</u>

- (a) All property within the County was reappraised for the tax levy included in FY 2006.
- (b) Under state law, the County is required to allocate property taxes between the City of Memphis and the County school systems based on the ratio of average daily attendance of each system. The budget for the Board of Education in the Special Revenue Funds Tab reflects the taxes and their allocation between the systems.